

~~SECRET~~
Security Information

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT : Current Tactic of the Senate Permanent Subcommittee
on Investigations

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1. I am sending the following information forward to you as given by [REDACTED] I am sure you are aware of the situation, but here it is in writing.

2. Certain staff members of the subject Subcommittee -- Flanagan, Kennedy and Adlerman -- have made recent moves portending an inquiry into world-wide illicit East-West trade, especially transit trade. The most important of these moves have been:

a. An inquiry by Flanagan at OSD for information on "illegal trade."

b. An inquiry by Flanagan at the Department of Commerce for "the strategic lists."

c. Inquiries by Kennedy, first at OSD and later at DMS, for information on "free ports and transit trade."

d. A request by Adlerman to DMS for access to reports in their files on shipments of copper, lead, zinc, nickel, cobalt and molybdenum from the Free World to the Bloc. (These commodities are believed to figure prominently in illicit transit trade.)

e. An interview by Adlerman on July 21, with Admiral Delany and Kenneth Hansen of DMS. According to Hansen, Adlerman said he was investigating the International Materials Conference allocations of raw materials. He added that Senator McCarthy had told him he "would not take 'No' for an answer" but would step in personally if his staff failed.

3. At a special meeting held on July 23, by the Executive Committee of IDAC, it was decided to scoop McCarthy by an advance release to the public of information on illicit East-West trade. The text will emphasize the success of international cooperation over the past several years in improving and enforcing trade controls. Mr. Stassen will be asked to hold a press conference within a day after the release (probably August 3), and to air the entire subject.

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Research and Reports

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